

Valuation Information

	1,000 Pound animal unit	1,200 Pound animal unit
NRCS soil survey herbage production (# per acre)	1,200	1,200
7 year Olympic Average lease (gross income/AUM)	\$15.72	\$15.72
Adjustment for owner expense	25%	25%
Net income per AUM ($\$15.72 \times 75\% = \11.79)	\$11.79	\$11.79
Animal weight	1,000	1,200
Animal consumption, daily (3% of animal weight)	30	36
Animal consumption, monthly (30.5 days X daily consumption, $30.5 \times 30 = 915$; $30.5 \times 36 = 1,098$)	915	1,098
Increase in consumption, monthly ($1,098 - 915 = 183$)		183
Percent increase in consumption, monthly ($183 / 915 = 20\%$)		20%
Herbage available for consumption (25% of of 1,200 pounds herbage)	300	300
AUM/Ac (forage/monthly animal consumption, $300 / 915 = .328$; $300 / 1,098 = .273$)	0.328	0.273
Decrease in AUM/Ac ($.273 - .328 = -.055$)		-0.055
Percent reduction in carrying capacity ($-.055 / .328$ AUM/Ac)		-16.67%
Net income per Acre (Net income per AUM X AUM/Ac, $.328 \times$ $\$11.79 = \3.87 ; $.273 \times \$11.79 = \3.22)	\$3.87	\$3.22
Capitalization rate (statutory rate, 15-7-201, MCA)	6.4%	6.4%
Reduction in Net income per AUM ($\$3.22 - \$3.87 = -\$0.64$)		-\$0.64
Percent reduction in Net income per AUM ($-\$0.64 / \$3.87 =$ -16.67%)		-16.67%
Value per acre (Net income per AUM/Cap rate; $\$3.87 / .064 =$ $\$60.40$; $\$3.22 / .064 = \50.33)	\$60.40	\$50.33
Reduction in Value per acre ($\$50.33 - \$60.40 = -\$10.07$ reduction)		-\$10.07
Percent reduction in Value/Acre ($-\$10.07 / \$60.40 = -16.67\%$)		-16.67%

